

Business Services Assessment - Budget Management Deep Dive Recommendations

Summary: The Mission Support Council met on November 10, 2016 and evaluated the recommendations of the Business Services Steering Committee (BSSC) for the Business Services Assessment (BSA) Budget Management Deep Dive.

The Mission Support Council made the decision after consultation by the recommender with the following stakeholders, and several others, based on the data and analyses provided.

- Centers
- Mission Directorates
- Mission Support Organizations

The MSC council made the following eight decisions.

- Recommendations 2, 3, 4, 5, 7, and 8 were accepted with no changes.
- Changes were made to Recommendations 1 and 6.

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- **Decision # 1 Streamline Budget Formulation Process:** Based on this review, the Mission Support Council (MSC) decided to partially accept the recommended **Option 4**, Options 2 and part 1 of Option 3 were accepted.

Integrate HQ, MDs, and Centers PPBE formulation schedules so they are all aligned across the Agency

- Current schedules differ across and within MDs and create workload and integration impacts from Centers as most are responding to multiple MDs

Implement bottoms-up formulation of baseline budgets every other year, instead of every year; enact “budget by exception” for formulating to streamline processes consistent with risks

- Conduct major budget formulation on baseline budget every other year; in between, focus formulation activities on new starts, competed work, programs/projects in earlier lifecycle stages/higher risk/volatility, or address special issues or topics.

Part 2 of Option 3 will have to be brought to the Executive Council for decision:

- EC will consider the recommendation of a bottoms-up formulation every other year and will consider what products the EC will review annually, since this package is proposing a change to the current EC review.
- OGLs to be considered by the Executive Council should be of a significant nature, >5% of the baseline budget or \$50M
 - OGLs of any size may be submitted to the appropriate CAM for disposition
 - OGLs should include discussion/analysis of trades/offsets against funded base content

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Recommendations

Decision # 2 Enhance Resources Management Capabilities: Based on this review, the Mission Support Council decided to accept **Option 2:**

OCFO develop a plan and work with Centers to realign resource/budget analysts at Center under the Center CFO's (for Centers not already organized in this manner). Matrix analytical support to customer organizations, consistent with other mission support areas and analogous to engineering across NASA.

- Model previously implemented at most Centers indicates numerous benefits: optimize workforce assignments, surge capability, reduce duplication, enable strong career path
- Centers continue to determine organizational structure, management and related operational approach
- CAM RMOs are integrating for agency: remain in CAM RMOs with stronger "dashed line" relationship to CFO for proper accountability
- Analysts in institutional organizations at HQ (non technical mission directorates) re-aligned within MSD and matrixed to orgs: end-state where analysts are within CFO and MDs

Decision # 3 Simplify Labor Planning and Charging: Based on this review, the Mission Support Council decided to accept **Option 5**, which combines Options 2 and 3:

Improve communications and enhance guidance on labor planning and labor charging to strengthen workforce guidance and execution principles through more education on the existing processes.

- Ensure more conformance to existing approach/rule set
- Encourage questioning actions not consistent with guidance
- Discourage certain approaches (e.g., buy it by the yard)
- Identify and expanding promising practices, including establishing labor rates earlier in the process

Enable more dynamic ceilings based on new Strategic Workforce Planning (HC BSA Decision #1); and implement labor flexibility for each Mission Directorate (up to 5% of the planned workforce) to enable more flexible workforce planning and charging. Using the Strategic Workforce Planning Process (HC BSA #1), establish more dynamic multi-year ceilings based on long term goals and skill mix changes across Centers.

- Establish up to 5% transition/investment labor (could be less based on need) for each Technical Mission Directorate (HEO, SMD, STMD, ARMD) to provide more flexibility in planning workforce and for charging during the year of execution, as needed
- Mission Directorates work with Centers to identify priorities for employees planned to account (ex. SMD GOLD and HEO AES)
- Charging limited to a maximum of 5% of workforce at the Center to allow time for transitions and skill changes

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Decision # 4 Enable clear ownership and accountability necessary to manage PP&C as a fundamental Agency capability:

Based on this review, the Mission Support Council decided to conditionally accept **Option 2**; pending approval of the implementation plan:

Establish Agency CFO as the Capability Leader for Program Planning and Control policies, processes, and adequacy of workforce skills

- Agency CFO to complete a comprehensive review of Budget and PP&C policies/processes to focus efforts on the highest priorities, streamline activities, and enable efficiencies through common approaches and best practices
- Centers to designate their capability leader in consultation with Agency CFO

Decision # 5 Share Skills in Scheduling, Cost Estimating, Cost Assessments, and Earned Value Management (EVM) :

Based on this review, the Mission Support Council decided to accept **Options 2 and 3**:

Agency CFO work with the Office of Procurement (OP) to enable strategic sourcing/consolidation of contracts, consistent with the procurement BSA; and optimize use of WYE for PP&C in the areas of cost estimating, cost assessment, scheduling, and EVM

- OCFO work with OP (consistent with the BSA decision on strategically sourcing and acquisition assignments) to consolidate PP&C contracts and establish common Agency contract(s) to attain these skills across NASA
- OCFO work with NASA Centers to optimize use of WYE in these already predominately contracted areas consistent with the goals of the Agency Strategic Workforce Process. There is strong evidence that use of WYE in these areas has proven strong for many years

Agency CFO work with Centers to enable regionalized support to programs/projects in the areas of cost estimating, cost assessment, scheduling, and EVM at JSC, MSFC and GSFC

- Given the technical role assignments, regionalize these specialized capabilities at JSC, MSFC and GSFC; these centers have extensive capabilities required for program development, mission management and flight projects
- JSC, MSFC, and GSFC provide contractual instruments, support and expertise to others, as needed
- Other centers leverage vehicles from these centers, and leverage professionals in specialty areas, such as EVM
- Address potential complications associated with sharing PP&C capabilities across Centers with competed work activities through the Agency CFO, as needed.

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Decision # 6 Scale PP&C capabilities, including EVM, commensurate with the type of activity, based on risks to mission: Based on this review, the Mission Support Council decided to accept **Option 6 which combines Option 2 and 4** with the following additions:

1. Decision does not preclude centers or MDs from conducting EVM on lower threshold projects where they feel it is warranted.
2. Contract thresholds remain per the decisions made at the APMC.

Focus integrated PP&C capabilities on 7120.5 project activities, and streamline 7120.8 projects to use PP&C “lite” capabilities

- The integrated suite of PP&C (resources, cost estimating, cost assessment, scheduling, EVM, configuration management, and risk management) are critical to high risk flight projects and major development activities.
- Appropriately scale PP&C (including EVM) for research and technology projects to reflect lower mission risk and dollars involved

Raise Threshold to \$250M Life Cycle Cost for In-House work

Decision # 7 Strengthen Employee Hiring, Development and Progression: Based on this review, the Mission Support Council decided to accept **Option 4 which combines Option 2 and 3**

Work with the Office of Human Capital Management and develop and implement a more structured and robust hiring process for gauging a candidate’s analytical capability and expertise.

- Establish common prerequisite skills required for selection. Identify experience the “ideal” candidate would possess, such as a degree in mathematics or economics or completion of course work in statistics, economics or operations research
- Establish a structured interview process to include interview questions in order to draw out the specific skills identified (e.g., analytics and communication)
- Design screening criteria specific to the position, skills and grade level, e.g., an assessment to measure soft skills such as analytics, writing, etc.
- Ensure that supervisors use the probationary period to conduct periodic reviews with new employees during the first year and prior to the end of the probationary period to evaluate success

Enable higher level of proficiency in PP&C and related skills by actively promoting development and establishing a clear set of expectations for PP&C related career track:

- Supervisors reinforce the need to achieve a high level of proficiency in PP&C skill sets by actively encouraging skills enhancement via mentoring, detail assignments, special projects, etc.
- Establish a career path with specific expectations for each grade GS 9-15. Positions must be competed to advance from one phase to the next
- Reinforce these expectations (what are in effect career advancement criteria) via appropriate performance plans and training plans
- Meaningfully assess performance to ensure that the skills necessary for advancement are demonstrated

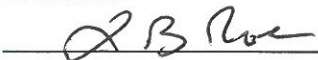
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Decision # 8 Optimizing the size of PP&C staffing across the Agency: Based on this review, the Mission Support Council decided to accept **Option 2**

Assuming decisions 1-7, which modify processes, structure, and requirements, the CFO develop a plan to reduce the overall size of the PP&C workforce over time by at least 10% (from the 2016 baseline) through natural attrition and changes to contracts:

- The 10% target modifies the previous option to reduce by 20% based on comments received, including some already achieved efficiencies but also recognizes the significant growth in program analysis/financial skills over the past 15 years (increase of over 40%)
- Coordinate and integrate the steps in the Human Capital Implementation Plan to do a similar assessment of supply and demand in the PP&C disciplines
- Include both FTE and WYE, and determine appropriate mix and changes across FTE/WYE
- Account for centers that have already achieved significant efficiencies; size modifications do not have to be one size fits all across Centers
- Plan could result in leadership structure modifications
- Expectation that Centers resources may slightly increase in limited cases while most will decrease

Decider:



L. Roe, DAA/MSC Chair

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Signatures represent concurrence that this decision was reached in compliance with Mission Support Council procedures, and ownership of amplifying comments relative to the decision.

Signature	Amplifying Comments
 R. Lightfoot, AA	
 D. Radzanowski, CFO	
 K. Paquin, AA MSD	
 T. Wilcutt, Chief S&MA	
 R. Wynn, CIO	

R. Lightfoot, AA

D. Radzanowski, CFO

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R. Wynn, CIO

Business Services Assessment- Budget Management Deep Dive Responsibilities

Decision execution responsibility	Accountable for:
Daniel Tenney, Deputy Associate Administrator for Mission Support	<p>Description</p> <p>Continue monitoring of the business services to ensure they are functioning as designed to optimally meet current and future missions. To provide a clear understanding of business services deployment for mission support by managing and understanding of the solution/capability in relation to other capabilities within the portfolio and evolving Agency requirements, ensure decisions are transparent and communicated internally and externally, provide effective sharing of solutions/capabilities and collaboration across Centers and Mission Directorates, and where savings can be recouped, ensure reinvestment strategies will seek to restore funding shortfalls and/or strengthen Agency business services.</p>

Execution milestone	Milestone Date	Responsible Party

Business Services Assessment- Budget and Management Responsibilities

Decision execution responsibility	Accountable for:
D. Radzanowski / Chief Financial Officer	Executing the decisions cited herein and reporting on status and or completion of the decision elements by the dates outlined in the execution milestones.
D. Radzanowski / Chief Financial Officer	Report on savings as implementations are developed for Options 1-7 towards overall target in Decision 8.

Execution milestone	Milestone Date	Responsible Party
Develop an integrated Implementation Plan to address the decisions of the MSC for the eight Budget and Management recommendations. (Note: Implementation Plan must be approved by the BSSC prior to presentation to the MSC)	February 28, 2017	OCFO, D. Radzanowski
Provide a six-month status to the MSC on the progress of the eight topics including the closure of key actions	May 10, 2017	OCFO, D. Radzanowski
Provide a one-year look-back status to MSC on the progress of the eight topics including the closure of key actions	November 10, 2017	OCFO, D. Radzanowski